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DE RUEHNT #0659 1640808 ZNY CCCCC ZZH O 120808Z JUN 08 FM AMEMBASSY TASHKENT TO RUEHC/SECSTATE WASHDC IMMEDIATE 9785 INFO RUEHAH/AMEMBASSY ASHGABAT 4035 RUEHTA/AMEMBASSY ASTANA 0248 RUEHEK/AMEMBASSY BISHKEK 4650 RUEHLM/AMEMBASSY COLOMBO 0520 RUEHKA/AMEMBASSY DHAKA 0425 RUEHDBU/AMEMBASSY DUSHANBE 0532 RUEHIL/AMEMBASSY ISLAMABAD 4246 RUEHBUL/AMEMBASSY KABUL 2535 RUEHKT/AMEMBASSY KATHMANDU 0559 RUEHMO/AMEMBASSY MOSCOW 7450 RUEHNE/AMEMBASSY NEW DELHI 1194 RULSDMK/DEPT OF TRANSPORTATION WASHDC RUCPDOC/DEPT OF COMMERCE WASHDC

## CONFIDENTIAL TASHKENT 000659

SIPDIS

DEPT FOR SCA/CEN
USDOT FOR STREET AND HATLEY
USDOC FOR 3004/CS/ADVOCACY/BLOOM

E.O. 12958: DECL: 06/11/2018
TAGS: <u>EAIR ECON ETRD PGOV PREL UZ</u>
SUBJECT: BOEING UZBEKISTAN: DAMAGE CONTROL

REF: A. 2007 TASHKENT 1065

¶B. 2008 TASHKENT 33

Classified By: Pol/Econoff Robert McCutcheon for reasons 1.4 (b, d).

- 11. (C) SUMMARY: Boeing is in the midst of negotiations to replace 787 Dreamliners it had contracted to deliver to Uzbekistan Airways with 767s. Assuming the negotiations conclude successfully, it is expected the new contract will be signed later this summer. END SUMMARY.
- ¶2. (C) Ambassador and poloff met on June 11 with Tibet Giray, Seattle-based Director for Regional Contracts in the Boeing Company's Commercial Airplanes Group. Giray described the tough negotiations he is in with Uzbekistan Airways this week over the sale of four 767s to make up for a two-year delay in the delivery of two 787 Dreamliners, originally scheduled for 2014 (refs A and B). He said that Boeing was in fact in breach of contract due to the well-publicized delays that have plagued Dreamliner development and delivery. Boeing is offering the 767s to Uzbekistan Airways at a lower than usual price for delivery in 2013. Although the Uzbeks are happy with the price, they are not pleased with the late delivery. According to Giray, Boeing is hard pressed to replace the Dreamliners with 767s because production lines do not have the capacity to meet the unexpected need. If negotiations are completed successfully this week, Giray said the sales contract should be signed in late July or early August. After this the contract is subject to final approval by the GOU before it enters into force. Giray said that despite the delays, Uzbekistan Airways is still interested in purchasing as many as four Dreamliners.
- 13. (C) Giray was interested in developments in the bilateral U.S.-Uzbek relationship that could have an effect on Boeing's negotiations. We reminded him of Congressionally-mandated travel restrictions that could be placed on Uzbek officials later this month, Giray described an instance in which Boeing had contracted for aircraft to be delivered to Belarus. Boeing had in fact accepted a down payment but then was unable to follow through on delivery due to new U.S. restrictions. Moreover, these restrictions prevented Boeing from returning the down payment. Giray was visibly concerned

that no such scenario should unfold in Uzbekistan.

¶4. (C) Giray also told us that President Karimov's personal plane, a VIP version of a 767 with an interior designed by Gore Design in Texas, had been delivered to Tashkent in April. He said he did not know whether Karimov had already flown in his new plane, but he did know that the previous presidential liner, a Boeing 757, is now in Texas for maintenance.

NORLAND